"A COMPARATIVE STUDY OF RURAL & URBAN CUSTOMERS OF LIFE INSURANCE PRODUCTS OF LIC WITH SPECIAL REFERENCE TO LATUR DISTRICT"

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INTRODUCTION

Hindu philosophy gives the axiomatic truth of the nature of insurance " *Yet bhavthi tat nasythi*" which means whatever is created will be destroyed. The universe as a whole is created, as a thing created it is but natural that is will be destroyed. Creation is inevitably followed by destruction. Risk is therefore inevitable in life.

The aim of life insurance is to protect the life from variety of risks which are anticipated. He who seeks this protection is called the assured or insured and the other person who takes the risk by undertaking to protect the other from loss is called the insurer and he does this for a small consideration called the premium.

So the contract of insurance may be defined as "a contract whereby one person, called the 'insurer', undertakes, in return for the agreed consideration, called the 'premium' , to pay to another person, called 'assured', a sum of money or its equivalent on the happening of a specified event." The happening of the specified event must involve some loss to the assured which is in the law of insurance commonly called the 'risk'.

There are three main types of insurance products, first is 'Endowment plan' which covers life plus lump sum after maturity, second is 'Term Insurance' which covers only risk. It will not provide any lump sum after maturity. And the third is 'Unit linked plan' which is for investment purpose only.

NEED OF THE STUDY

This study is necessary to understand the position of insurance sector in Latur district as compared to other parts of Maharashtra. People living in village area and urban area thinks differently for the same product of insurance because of their income level and living standard. Any person either he is living in Urban areas or living in rural areas can take any policies that are offered by the insurance companies, but generally rural people see to insurance as investment and Urban people see it as protection against loss, that is why rural people believe in such products which will give them a lump sum amount after the end of the period or at the maturity stage. But urban people believe that insurance should protect his family after anything bad happens with him. It means that urban people use to take such policies which will provide huge financial benefits after the loss of life or partial loss.

Latur district is situated in the south eastern Marthawada part of the Maharashtra state. The district gets average rainfall in the monsoon season. The entire district is situated on the Balaghat Plateau. This district consisits of 10 tehisils/panchayat samitees , 1 municipal corporation , 4 municipal councils, 787 gram panchayats and 945 revenue villages. Area of Latur district is 7,157 sq. km. Most of the people depend on agriculture, sugar factories, dairy farm and other industries. It had been well known for its food grain trade and oil mills. Latur is one of the educationally advanced district of the state. Recently it is being known for its education pattern. Latur pattern has emerged as a gold standard for secondary and higher secondary education in Marathawada region.

Even though Latur is well developed as academic hub, the degree of insurance awareness is less in rural and urban areas. This research focuses on different aspects of insurance awareness in rural and urban areas. It will play an important role in spreading insurance literacy especially in the context of insurance cover rather than investment benefit.

OBJECTIVES OF THE STUDY

1. To analyze the scenario of insurance industry in India
2. To know the insurance perspective of rural and urban people of India
3. To study different insurance products available in Latur district
4. To examine the degree of insurance awareness among the rural and urban population
5. To compare the habits of rural and urban customers about insurance products
6. To draw conclusions and offer suggestions for enhancing the insurance cover in research area

HYPOTHESIS

1. Urban people take insurance policy/Insurance product to protect against risk.
2. Rural people take insurance policy/Insurance product to invest in intervals and collect in lump sum after maturity.
3. Generally urban people are more aware about insurance products as compared to rural people.
4. Urban customers' pays premium in time by self but rural customer pays premium late and that to with agent or advisor.
5. Majority of rural as well as urban people are not well aware about insurance and its different products.

RESEARCH METHODOLOGY AND DATA COLLECTION

The data collection for this project will be both primary as well as secondary data. The primary data will be collected from a sample survey. A sample of 400 respondents will be collected from research area. The secondary data will be collected from internal sources. It will be collected on the basis of different insurance company publications, organization file, official records, and data available on the official website.

Various statistical tools such as measures of central tendency, percentile, quartile etc will be used as per the need. Diagram and charts will be used with the help of excel sheet.

SCOPE OF THE STUDY

I) Periodical scope: The periodical scope of this research will be for 5 years i.e. 2009 to 2014.

II) Geographical area: The geographical scope of the study will be India in general and Latur in particular which includes 10 Talukas they are as follows –

Latur, Ausa, Ahemdpur, Chakur, Deoni, Jalkot, Nilanga, Renapur, Shirur Anantpal, Udgir.

III) Operational scope: This will consider investment and protection related habits of people. Investment is a setting for long term requirements and protection is a setting to meet short term losses about life as a full or partial. The habits of rural and urban customers about insurance products will be compared.

CHAPTER SCHEME

1) Introduction
2) Research methodology
3) Insurance industry in India
4) Insurance products in Latur district
5) Insurance habits of rural customers of Latur district
6) Insurance habits of urban customers of Latur district
7) Comparison between rural and urban customers
8) Findings and suggestions

The above chapter scheme is tentative. Depending on the actual research work it may change in the course of the study.

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Research Guide